

322 B

15 June 1951

MEMORANDUM FOR: EXECUTIVE ASSISTANT TO THE DIRECTOR

Attn:

STATINTL

SUBJECT: Retired Pay

1. Any officer may be retired with disability retirement pay for 30% or more disability incurred while entitled to receive basic pay. If the disability is less than 30%, the officer is not entitled to disability retirement but may be separated, and upon separation shall be entitled to receive disability severance pay. When retired for disability, the officer's name will be placed on a temporary disability retirement list until there is clear finding that the disability will be permanent. There is then a complicated formula for ascertaining the disability retirement pay, but in no case can it be more than 75% of the original base pay, and while on the temporary retirement list shall not be less than 50% of the basic pay.

2. Any officer with over twenty years service and less than 30% disability may receive disability retirement pay in accordance with the percentage of his disability. Where there is this longevity aspect involved, that part of the disability retirement pay computed on years of active service which is in excess of the disability retirement pay that the officer would receive if the pay were computed purely on the basis of the percentage of the disability will be taxable.

3. This is a very brief summary of about five pages of very intricate statutory language and consequently is by no means accurate for all purposes. As applied to us, the average officer has in excess of twenty years of active service and therefore will have part of his pay figured on longevity of which a portion may be disability retirement pay in any percentage, which portion will be tax free.

LAWRENCE R. HOUSTON
General Counsel

LRHouston/mll
cc: Subject
Chrono

STATINTL

Hand Carried by LRH to Mr. on June 15, 1951